

**AIR FORCE RESEARCH LABORATORY
INSTRUCTIONS FOR PREPARING BUDGETS/PROPOSALS
(DUAL USE)**

1. Offerors shall:

a. Provide these instructions to all lower tier offerors. Proprietary data from lower tier offerors may be submitted directly to the Government in accordance with instructions contained in the announcement. (For purposes of these instructions, the terms "proposals" and "proposed" are synonymous with "budgets" and "budgeted".

b. Furnish Tables 1 and 2 for the entire performance period (supported by rationale required by paragraph 2) in both hard copy and on a 3.5" diskette as IBM PC compatible, Microsoft Excel (Version 5.0 or 7.0) files, to include all cell formulas. Include a separate Cost Element Summary for each option proposed.

c. Provide the following information as the first page of the budget for the entire period of performance, including any options.

- i. Name, title, telephone and fax numbers and e-mail address of offeror's point of contact,
- ii. Amount budgeted/proposed for basic effort and each option,
- iii. Name, address and telephone number of the cognizant contract administration and Defense Contract Audit Agency offices, if known,
- iv. Name, title, signature of authorized representative, and
- v. Date offer is submitted.

Offerors may use the Proposal Cover Sheet, posted with this announcement under the AF Dual Use Science & Technology Proposal Instructions, to provide the above information.

2. Submit the budget, organized as discussed below. However, if offeror is not providing cost share, complete only Section 1; Sections 2 & 3 are required for proposals providing cost sharing. The budget is not restricted in length and shall provide cost information for all performance periods. Certified cost or pricing data are neither required nor desired.

a. Section 1 - Total Budget Summary. This section should include all of the proposed costs of the project, identified as either Government or Offeror cost sharing. (See Sections 2 and 3 below for additional information.) Submit a cost element summary by major cost element for the basic period of performance and each option proposed using the format in Table 1. The detail required for each of the major cost elements is described below. Address all elements of cost applicable to the proposed effort and provide a narrative to support costs included in Table 1.

i. Direct Labor. Show each category of direct labor proposed on a separate row. When job classifications or position titles (e.g. "Senior Scientist", "Technician", or "lead Engineer") are used, provide narrative descriptions of related qualifications, duties, and responsibilities as an attachment to the cost proposal. In supporting rationale, identify the source and explain the derivation of the labor rate proposed for the first year in each labor category, and explain the methodology used to project each rate for subsequent years. Note: If temporary or part-time labor is proposed, explain the differences between the rates of pay for full-time and temporary or part-time workers and the impact of those differences on the direct rates proposed. Identify all uncompensated labor (straight time and/or overtime) included in this cost element, and explain the impact of uncompensated time on the direct rates proposed.

ii. Indirect Cost Rates and/or Factors. Identify when the offeror's fiscal year (OFY) begins and ends. Identify **all** indirect cost rates (such as, fringe benefits, labor overhead, material overhead, G&A, etc.) and applicable allocation bases by OFY. If composite rates are used, provide the calculations used in deriving the composite rates. Identify the basis of proposed rates (e.g., Forward Pricing Rate Agreement and date of agreement, bidding rates and the date of submission or actual rates used and the effective date, billing rates and the date of approval, etc.).

iii. Lower Tier Offerors/Interorganizational Transfers (IOTs), and Consultants.

Obtain cost proposals from each subrecipient, subcontractor and IOT using the same cost breakout required for Table 1. Either provide Table 1 cost information for lower tier contractors/subrecipients with your proposal or ask lower tier contractors/subrecipients to send information to the contracting point of contact for the technical topic area. Using Table 2, provide a list of anticipated subrecipients and subcontractors/IOTs/consultants. Perform and provide evaluation results of cost/price analysis of subrecipient and subcontract/IOT proposals. If decrement factors are used, explain their development and application. Substantiate the need for and cost of proposed consultant services. **NOTE: Proposals from lower tier offerors are due by the closing date identified in this announcement.**

iv. Material, Travel, and Other Direct Costs (ODCs). Separately identify costs for travel, material and other direct costs required to perform the basic effort and each option. Provide a breakout of travel costs for each OFY including the purpose and number of trips, origin and destination(s), duration, and travelers per trip. Provide an itemized, priced list of all proposed equipment, materials and supplies for each OFY. Provide a breakout and explanation of all other proposed ODCs by OFY.

v. Cost of Money (COM). Refer to FAR 52.215-16, Facilities Capital Cost of Money. Provide a schedule which contains proposed cost of money (COM) factors, if applicable, to include a display of all individual bases for the COM amounts. Submit a DD Form 1861 for each OFY. However, COM applied to a base of G&A is not allowable, if offeror proposes IR&D as cost share..

vi. Fee. Substantiate proposed fee for procurement of goods and services at lower tiers. Not an allowable cost at prime level.

vii. New Mexico Gross Receipts Tax (NMGRT). NMGRT may be applicable to the proposed effort, especially if your proposal is being submitted to AFRL's Phillips Research Site at Kirtland AFB, NM. For assistance in determining the extent to which NMGRT may apply and applicable rates, contact the New Mexico Taxation and Revenue Department, 5301 Central Ave., NE, PO Box 8485, Albuquerque, NM 87198, (505) 841-6200, <http://www.state.nm.us/tax/>. Identify the cost elements and amounts included in the NMGRT base, if applicable. Demonstrate the method of calculating total tax dollars included in the proposal.

b. Section 2 - Recipient Cost Sharing.

i. This section shall include the sources and quantity of cost share identified to each contributor of cost, broken down and time-phased by task or milestone using the cost elements identified in Table 1. This section shall be supported by a narrative that discusses: (1) the sources and amounts of cash to be used for matching requirements and (2) evidence of adequate cash or commitments sufficient to accomplish program goals. Affirmative, signed statements are required from outside sources of cash. Proposals should contain sufficient information regarding the sources of the offeror's cost share so that the Government may determine the availability, timeliness, and control of these resources, including time phasing of the proposed cost sharing. If in-kind cost share is proposed, state the specific in-kind contribution proposed, its value in monetary terms and provide support to show how the value was derived. Unacceptable cost share includes: i. sunk costs, i.e., costs incurred before the start of the proposed project including incurred IR&D; ii. forgone fees or profits; iii. G&A and G&A Cost of Money applied to a base of IR&D; iv. bid and proposal costs; v. value claimed for intellectual property or prior research; vi. parallel research or investment, i.e., research or other investments that might be related to the proposed project but which will not be part of the SOW. i.e., activities that will be undertaken regardless of whether the proposed project proceeds; vii. off-budget resources, i.e., resources that will not be risked by the offeror to perform the SOW or viii. an indirect expense appropriately assignable to other cost objectives, shown as a direct cost to the project.

ii. The offeror may propose the entire effort either as a single final cost objective (similar to contract) or as a single IR&D project, so long as the practice is consistently applied and in accordance with the contractor's established accounting practices. The offeror must propose its cost share and costs to the government in the same manner. For example, if an offeror's cost share is accounted for as an IR&D project, then proposed Government funding must be treated as an IR&D project as well. Regardless of the method used, the government's cost share portion will be based on the total cost of the project.

iii. If the offeror is performing any other contracts subject to the Federal Acquisition Regulation Part 31, IR&D is subject to the requirements of FAR 31.205-18 that requires such effort to be allocated over the same base used to allocate G&A costs. Therefore, allocation of G&A and G&A COM to IR&D is not permitted. The Government's cost share portion of an IR&D project represents a credit to the total amount accumulated under the IR&D project.

iv. The contractor's cost share portion for a project accounted for as direct effort must be accumulated as a final cost objective and may not be allocated to any other cost objective either directly or indirectly.

c. Section 3 - Cost to the Government. This section shall specify the total costs proposed to be borne by the Government, broken down and time-phased by task or milestone using the cost elements identified in Table 1. The cost to the Government should be that portion of the proposed effort that is not covered by the offeror's cost share. Costs for National laboratories, including those for Federally Funded Research and Development Centers, are to be included as Government Cost Share.

TABLE 1
COST ELEMENT SUMMARY [SAMPLE]

COST ELEMENT	Beginning OFY*			...	Ending OFY*		
	BASE	RATE	AMT		BASE	RATE	TOTAL PROPOSED AMOUNT
DIRECT LABOR (List each direct labor category separately.)	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
TOTAL DIRECT LABOR	XXXX		XXXX		XXXX		XXXX
TOTAL LABOR OVERHEAD	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
LOWER TIER OFFERORS, IOTS, CONSULTANTS (List Separately)			XXXX				XXXX
MATERIAL			XXXX				XXXX
MATERIAL OVERHEAD	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
TRAVEL			XXXX				XXXX
ODCs			XXXX				XXXX
G&A**	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
SUBTOTAL COSTS			XXXX				XXXX
COST OF MONEY (See DD Form 1861)***	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
FEE***	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
TOTAL COST & FEE			XXXX				XXXX
NMGRT (IF APPLICABLE)	XXXX	XXXX	XXXX		XXXX	XXXX	XXXX
TOTAL PRICE			XXXX				XXXX

* Offeror's fiscal year (OFY). Use cost element summaries to prepare Sections 1-3.

** Refer to Section 2, Recipient Cost Sharing, if offeror is planning to include G&A in cost proposals.

*** Refer to applicable discussion of cost element contained in Section 1.

TABLE 2
LOWER TIER OFFERS/INTERORGANIZATIONAL TRANSFERS & CONSULTANTS
PRICE SUMMARY

LOWER TIER OFFEROR'S NAME	SOW TASKS PERFORMED****	TYPE OF AWARD	LOWER TIER QUOTED PRICE IF CONTRACT	LOWER TIER COST PROPOSED BY PRIME	DIFFERENCE, IF APPLICABLE
TOTALS					

**** Identify Statement of Work, Milestone or Work Breakdown Structure paragraph or provide a narrative explanation as an addendum to this Table.